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**IR SOP**  
**CHAPTER I**  
**GENERAL**

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## **CHAPTER 1**

**1.1. PURPOSE:** This SOP prescribes the role, responsibilities, and scope of the Internal Review Division (IR). It functions within the United States Property and Fiscal Office (USPFO) for New Mexico. This SOP also prescribes the policies of the Adjutant General of New Mexico (TAG) and the USPFO Officer and it documents their commitment to the internal review (IR) function of the New Mexico National Guard (NMNG).

**1-2. APPLICABILITY:** This SOP applies to the IR Division of the NMNG. Reference to any one gender in this SOP is strictly for convenience and is meant to be all inclusive.

**1-3. MISSION:**

- a. Performs reviews and consulting services for the Adjutant General and the United States Property and Fiscal Officer (USPFO). Maintains continual awareness for instances of fraud, waste, or mismanagement of government funds and materials.

**1-4. VISION STATEMENT:**

- a. To provide a full spectrum of professional internal review services that are timely and that exceed the expectations of command and senior management officials in terms of value added to the organization.
- b. The fundamental tenet of Army management philosophy is that commanders and managers at all levels are responsible for the accomplishment of their missions and for obtaining, safeguarding, accounting for and properly using the resources necessary for mission accomplishment. In discharging this responsibility, commanders and managers are encouraged to solicit and use the IR Division to evaluate the proper use of resources.
- c. The IR Division has the capability of responding quickly to known or suspected problems, and the ability to cross organizational lines during the course of a review.

**1-5. BACKGROUND:**

- a. The Internal Review (IR) Division is a branch of the USPFO. As professional series Federal Civil Service Technicians, evaluators' personal appearance, attire and demeanor will reflect those of a professional at all times. Civilian attire for men will consist of a suit or coat and tie, for women will be of an equally professional nature.
- b. The IR Division performs multiple reviews functions for management. The functions include financial, performance, and follow-up reviews and other consulting services as necessary. Other consulting services include policy interpretation, problem identification and recommending solutions.
- c. The division is the liaison for external audit agencies.

#### **1-6. POLICIES:**

The IR programs will be developed and executed in compliance with the policies and standards established by the Comptroller General of the United States as implemented by the Department of Defense (DOD), Department of the Army (DA), and National Guard Bureau (NGB). United States Property and Fiscal Officer (USPFO), and the Division's Goals and Objectives (MBO).

- a. Division will focus on federal systems, functions, programs, and activities where recommendations will cause significant state-wide improvements. Consulting services requested may be performed based on risk analysis and availability of review resources.
- b. IR Division personnel will be granted ready access (consistent with level of security clearance), on a full and unrestricted basis to all personnel, facilities, records, reports, documents, or other material determined necessary to accomplish a review. A written request will not be required. Resolution for ready access will be coordinated between the reviewed entity, the Supervisory Accountant (SA) and the USPFO: as an agent of the Chief, National Guard Bureau.
- c. IR Division will not be a policy setting organization. Evaluators will not be assigned functions that are otherwise provided for in the duties and responsibilities of other personnel. Evaluators will not be assigned additional duties which would either cause, or give the appearance of causing impairment to organizational or personal independence. This policy will apply to both civilian and military status. Any evaluator detecting this situation developing in any assignment will report it directly to the SA.

#### **1-7. RESPONSIBILITIES:**

a. The TAG is responsible for compliance with established policy and independence of A's in military assignments. He approves the annual IR schedule and monitors execution of the IR program.

b. The USPFO is responsible for establishing the IR function in accordance with NGR 130-6 and the policies cited herein. As an NGB staff officer responsible for the overall IR program, the USPFO will ensure independence of IR Division personnel in technician assignments. Military assignments or additional duties of As which constitute an impairment to the IR function will be formally referred to the TAG through USPFO for resolution.

c. The SA is responsible for properly managing the IR function. The SA ensures the provisions of DOD, DA, DAF, and NGB directives and regulations are followed and that review work conforms to generally accepted government auditing standards as established by the Comptroller General of the United States.

- Overall management of the IR staff to include their selection and professional development.
- Orientation of a new Program Assistant with the mission, functions, procedures, ethics, and standards of the Internal Auditing Profession.

- Establishment of staff performance standards.
- Annual performance ratings of staff members to include quarterly formal counseling statements.
- Development and distribution of the Annual Internal Review Program and quarterly revisions approved by the USPFO and TAG.
- Effective employment of IR staff by allocating adequate review resources to accomplish assigned reviews.
- Reviewing work paper, review folder, and draft reports, and submitting final review reports to the Adjutant General through the USPFO.
- Establishing and maintaining a Management Control system within the IR Division.
- Providing liaison with external audit agencies performing audits within the New Mexico National Guard.
  
- The Program Assistant is responsible for:
  - Managing administrative support requirements as directed by the Supervisory Accountant.
  - Reviewing Internal Review reports for compliance with Comptroller General Government Auditing Standards (Yellow Book), The Internal Review Audit Manual (Green Book), and this SOP.
  - Editing review reports for grammatical correctness, sentence structure, clarity, tonal quality, conciseness and continuity.
  - Compiling information and preparing required NGB technical reports.
  - Maintaining personnel Time and Attendance reports and records.
  - Preparing Review Notification Memorandums and Draft/Final Report and Follow-up Transmittal Memorandums.
  - Performing as the IR Training Coordinator
  - Maintaining administration files in accordance with MARKS
- Supporting the review mission by obtaining supplies and reference material.

d. Evaluators must always project and maintain a professional, objective, and competent image. Good judgment must always be exercised to avoid involvement in situation that detract from or can be perceived to detract from, the effective accomplishment of the IR mission. As are in a position of special trust and confidence; a position, in which proper conduct and integrity is vital to the successful accomplishment of the mission. As will, in all instances, be tactful and conscientious in the performance of their duties. As will conform to the National Guard Management Code of Ethics found in Appendix B of NGR 11-7.

Each evaluator is responsible for:

- Conducting professional reviews of New Mexico National Guard entities and activities by the assigned by the SA.
- Documenting reviews by developing and accumulating sufficient, competent, and relevant evidence in the working papers, as prescribed in the NGB Audit Work Paper Handbook, USAAA Reg 36-305-1, dtd 1 January 1995.
- Preparing review reports in accordance with US. Comptroller General Government Auditing Standards (Yellow Book), Internal Review Manual (Green Book) and NGB Standards Report Formats, dtd 1 January 1995.

- Providing liaison with external audit agencies performing audits within the New Mexico National Guard (as tasked by the SA)
- Conducting follow-up reviews on all internal reviews and external audits from GAO, DODIG, USAAA, NGB-IR, and commercial firm's audit reports

**1-8. ORGANIZATION AND STAFFING:**

- a. The IR Division is organized and staffed in accordance with NGB Pam 570-1, Manning Criteria ARNG Technician Program.
- b. IR Division will be aligned directly under the USPFO as a separate staff element. The **SA** will be rated by the USPFO with the AG as the approving official/senior rater. As will be rated by the **SA** with the USPFO as the approving official.
- c. Temporary augmentation of the review staff by outside experts of a functional nature may be authorized to meet a specific review requirement. These individuals may be obtained through the use of Active Duty Special Work (ADSW).
- d. An organizational chart of the IR Division in full time support staff is included in Annex A.

**IR SOP**  
**CHAPTER II**  
**TRAINING**

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## CHAPTER II

- 2-1. PURPOSE:** The purpose of this chapter is to identify the training requirements of the IR staff.
- 2-2. APPLICABILITY:** This chapter applies to the IR Division of the NMANG.
- 2-3. CONCEPT:** The IR Division training will be conducted at the agency level, IR level, and individual level.
- 2-4. POLICY:** The support of the IR Division training program will be in accordance with DOD 7600.7-M, Chapter 4, and NGR 11-7, paragraphs 2-6
- 2-5. STAFF TRAINING:**
1. The following courses are mandatory training requirements for the SA and Evaluators as of 10 September 1999:

<u>COURSE TITLE</u>	<u>HOURS</u>	<u>SPONSOR</u>
*Basic Review Process	80	AAA
Intermediate Reviewer Tracks	40	AAA
Senior Evaluator Tracks	40	AAA
IR Chiefs Course	40	AAA
Leadership Development Course	40	AAA
Communications Skills Course	36	AAA
Advanced Communications	36	AAA
Fraud Investigative Tools For Auditors	24	AAA
Data Analysis: Using CAATTs	80	AAA
Planning, Programming, Budgeting and Execution System (PPBES)	72	AAA
Fiscal Law	36	AAA
*Data Retrieval Methodologies	24	NGB
*Basic Report Writing	24	NGB
*Computer Literacy	40	In State
*Contract Development and Auditing	24	NGB
*Basic Orientation Course For Newly Hired SA's	24	NGB
(Mentorship Program) This course should be completed within the first 12 months.		
Cooperative Agreements	24	TBD
Audit Consulting and Advisory Services	16	USDA
Quick Response Reviews	16	USDA
Introduction to Information Systems Auditing	24	USDA

-- Each evaluator of the staff with the exception of the Management Analyst is required to meet DOD's minimum auditor\evaluator training requirements.



**NOTE:** All courses above with \* indicate these are mandatory courses to be obtained within the first three years of the date assigned to the evaluators position following employment. An NGB Training Certificate will be issued to each evaluator upon completion of the above requirements.

2. After completing the five mandatory courses, all evaluators are to meet Continuing Professional Education (CPE) criteria. Each evaluator is required to complete a total of 80 hours during the designated two year reporting period. Of the 80 hours, 24 must be **directly** related to the government environment and to government reviewing. Each evaluator will complete a minimum of 20 hours of CPE during any one year. Excess credit hours may not be carried over to the next reporting period.
3. Evaluators not meeting the CPE requirements will have 60 days in which to makeup needed training. Makeup training earned during the 60-day grace period will be applied to the reporting period in which the deficiency existed. If makeup training procedures more hours than are needed to correct the deficiency, the remaining hours may be applied to the next reporting period. Evaluators who have not satisfied the CPE requirements within the 60 day grace period, will not conduct reviews.
4. The following qualifies as CPE:
  - a. Internal training programs, courses, seminars, and workshops
  - b. Review organization staff meetings when a structured educational program is presented

Audit/accounting related college courses (credit and non-credit). Each semester hour is equal to 15 CPE hours, each quarter hour equals 10 CPE hours. For audit related college courses see GAO Government Auditing Standards, Interpretation of Continuing Education and Training requirements.

- c. Education and development programs at conferences, conventions, meetings, seminars, and workshops of professional organizations
- d. Training programs presented by other audit organizations, educational organizations, foundations, and associations
- e. Correspondence courses related to auditing
- f. Audit related courses given through audio cassette tapes, videotapes and computers
- g. Serving as a speaker/instructor at group programs that qualify for CPE hours

- i. Publishing articles and books or developing CPE courses on subjects that qualify for CPE hours and directly contribute to the evaluator's professional proficiency.
- 5. It is the responsibility of the supervisor and each reviewer to ensure that CPE milestones are scheduled and met

**2-6. RESPONSIBILITIES:**

- a. The IR Division will schedule training for all evaluators in accordance with current policy.
- b. The IR Division will provide orientation to new evaluators. Orientation of new evaluators will include the study of this SOP and related documents. They will be encouraged to take Army correspondence courses in all areas, especially management review and analysis, programming and budgeting, military accounting, and comptroller courses.
- c. An IR internal training program will be in place in accordance with the IR INTERNAL TRAINING PROCEDURE, Annex B.
- d. An individual development plan will be established by each individual in the IR Division and updated annually as required by DOD 7600.7m Chpt 4. Reference MEMORANDUM Dated 15 Jan 93, Subject, Individual Development Plan (IDP), Annex C.

**2-7. GOVERNMENT EVALUATOR TRAINING PROFILE:** A profile will be maintained on each evaluator in the Division. It will follow the guidance provided in DOD 7600.7-M, Chapter 4 and the Internal Review and Audit Compliance Manual, Chapter 2.

**IR SOP**  
**CHAPTER III**

**ANNUAL INTERNAL REVIEW SCHEDULE**

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- 3-1. PURPOSE:** The purpose of this chapter is to identify the process of developing the ANNUAL INTERNAL REVIEW SCHEDULE.
- 3-2. APPLICABILITY:** This chapter applies to the Supervisory Accountant, the Evaluators and the Management Assistant.
- 3-3. CONCEPT:** The annual internal review schedule is the basic IR Division annual guide. It reflects management's collective thinking as to how to best utilize the IR Division resource during future periods. The schedule is prepared during a given year for the next year and adjusted during the year of execution on a quarterly basis if necessary.
- 3-4. POLICIES:** The IR Division schedule will be worked throughout the year and the formal schedule will be completed by the 30<sup>th</sup> of December of each year. The support of the annual Internal Review Schedule will be in accordance with NGR 11-7, chapter 2, Internal Review and Audit Compliance Manual, Appendix B, and DOD 7600.7-M, Chapter 5.
- 3-5. RESPONSIBILITIES:**
- a. The steering committee's responsibility is to provide the IR Division prioritized input to the annual Internal Review Schedule.
  - b. The **SA** will function as facilitator for the steering committee. To this end, he will develop and maintain IR missions and functions, procedures, schedules, lists of auditable entities, and prioritization material. The **SA** will solicit suggestions from the field through the use of the IR Division Internal Review Suggestion Form. The **SA** will prepare a prioritized schedule each fourth quarter of the calendar year based on all sources or input. The schedule will be subject to change on a quarterly basis during the year of execution. The **SA** will make yearly assignments from the annual Internal Review Schedule. Assignments will be made while considering review factors such as activity availability, activity preparedness, evaluator's background, and other scheduling conflicts.
  - c. The evaluator will use the schedule as an yearly guide in planning and in preparing for the year's assignments. The evaluator will solicit suggestions from the field at every opportunity. The suggestions will be official and incorporated through the IR Division Internal Review Suggestion Form. Each evaluator will generate areas for audit consideration and will submit them on an official form whenever he feels a situation in the field warrants it.
  - d. The Management Assistant (**MA**) will manage the files and administrative support on suggestions from all sources. The Assistant is responsible for the generation of a formal response to all suggestions that are received in the IR.

**IR SOP**  
**CHAPTER IV**  
**REVIEW**

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## CHAPTER IV

**4.1. PURPOSE:** The purpose of this chapter is to summarize the audit process.

**4.2. APPLICABILITY:** This chapter applies to the personnel assigned within IR.

**CONCEPT:** The audit is the crux of the IR operation. For purposes of this SOP the audit entails the effort which begins with the assignment of the area to be audited from the annual Internal Review Schedule to the final response by the audited entity to recommendations presented in the audit report. With the SA's continuous guidance and review, each auditor is tasked with the planning, organizing, directing, coordinating, and controlling of the audits assigned to him.

**4.4. POLICIES:** Audits performed for the New Mexico National Guard will be conducted in a professional manner and in accordance with the United States General Accounting Office (GAO) Government Auditing Standards (the yellow book), the Department of Defense Internal Audit Manual 7600.7-m, AR 11-7 the Army Internal Review and Audit Compliance Manual (the green book), the USAAA Handbook, National Guard NGR 11-7, and Review Working Papers, and this Standing Operating Procedure (SOP).

### **4.5. OBJECTIVES OF A REVIEW:**

1. Reviews will be performed to determine or evaluate:
  - a. The existence, adequacy, and effectiveness of policies, systems, and procedures as they affect management control process
  - b. The degree of management compliance with governing regulations, legislation, and operating controls in terms of responsibilities, consistency, and adherence to accepted accounting principles and management practices
  - c. The compliance with applicable regulations
  - d. The adequacy of procedures involving security and safeguarding of federal resources
  - e. The accuracy of the property/ fiscal accountability of the area/organization reviewed required to express a professional opinion of the area reviewed
  - f. The effectiveness of staffing, training, and procedures. This will be limited to that required to express a professional opinion of the area reviewed.
2. The evaluator should always be alert for indicators of fraud, waste, and mismanagement of federal resources.

#### **4-6. INTERNAL REVIEW PROCEDURES:**

1. Reviews will be conducted in such a way as to minimize the disruption of normal operations of the organization/activity reviewed.
2. The Supervisory Accountant and Evaluator-in-Charge will coordinate the dates of the review with functional managers, using a memorandum (Appendix G) at least 10 working days prior to the proposed entrance conference.
3. The Evaluator(s) will meet with the SA to discuss the purpose, scope and schedule of the review as outlined in the NM National Guard Annual Review Schedule. A preliminary background study will be conducted prior to the initial entrance conference. This study will include initial contact with the client to familiarize the evaluator(s) with the organization and functions of the activity to be reviewed. The purpose will be to obtain the activity's mission and responsibilities, current policies and procedures, and existing management control systems. Examples include governing regulations, policy letters, SOPs, prior review guides and management control reviews. A review Program will then be developed. A projected Review Schedule will also be developed at this time.
4. The auditor(s) will conduct an entrance conference with the client to discuss and confirm the objectives and scope of the audit as defined by the Audit Program. The SA must be consulted to approve any requested changes.
5. A preliminary survey will be conducted to identify specific audit areas. The survey is a process for quickly gathering information without detailed verification on the organizations, programs, activities and functions. A survey provides information on the size and scope of the organization's activities and functions that may reflect weak management controls, uneconomical or inefficient operations, ineffective goal achievements or non-compliance with laws or regulations. An Audit Program (Ref. NGB Audit Survey and Verification Guides must be prepared and designed to gather the necessary information required during the audit. At the conclusion of the survey phase, a "Go/No Go" Briefing will be conducted with the SA.
6. If no potential problem areas are identified during the survey, the EIC must present sufficient data to support at no finding position to the SA. The SA is the final approving authority for a "No Go" decision. A "No Go" briefing will be conducted with the client. A report with no finding (Ref. NGB Standard Report Formats) will be drafted, approved by the SA, and then presented to the client. The final draft report will be discussed at the exit conference. The final report will be prepared and processed through channels for endorsements.
7. If potential findings exist and the objectives and scope of the audit have been defined through the survey process, the audit will proceed into the verification phase. At this point the EIC will refine the review program (Ref. NGB Review Survey Verification Guides). The purpose is to define the purpose, scope and objectives of the review.

Also it will outline the procedures that will be used to conduct the verification. The Review Program is a flexible procedural guide and will be submitted to the SA for his review and approval.

8. If conducting a team review, the EIC must ensure that review guides are developed. Review guides must be designed to address specific problems outlined in the objectives and scope portion of the Review Program and to assist in determining recommendations. In other words, an review guide is an investigative process, not a checklist, and is to be furnished each evaluator on the review team to ensure that each evaluator formally documents the information gathered. The EIC must also manage all time spent on the review through the use of charts or other locally devised means.
9. The SA should be kept informed as to the progress of the review and unusual problems that may arise. If the evaluator should discover potentially fraudulent situations, the review should continue, as to not draw attention to the fact something may be wrong, and the SA will be immediately advised of the situation.
10. All actions concerning a particular review must be documented through the preparation of working papers. Guidelines and standards for working papers are explained in detail in the NGB Review Working Papers Handbook. Routinely **Work Papers** will be submitted to the SA for review as they are completed. Review of the **Review File** will be accomplished as determined by the SA. Upon review the SA will comment on any significant matters utilizing the Supervisor Review/Comment(s) Sheet.
11. During the accumulation of pertinent data, the evaluator should analyze the data and begin developing conclusions, findings, and recommendations. Evaluators must constantly perform risk analysis to determine which areas must be investigated further and which areas can be eliminated. The review effort must be directed to those areas which: will result in value added; will result in the most pay back (monetary benefits); will result in the reduction in duplication of effort; will result in an increase in the effectiveness and efficiency of the operation/activity; or, will result in improved management control processes. In all cases, the above must be documented in the working papers. Cost savings and monetary benefits will be recorded in the review report in Part I, in the Finding Paragraph in Part II and in the Appendix attached to the report, when appropriate.
12. As part of any review, the evaluator must keep in mind the GAO standards for management controls. Each review must include an evaluation of management controls. In financial reviews, positive or negative assurance must be shown in the report. Positive assurance consists of a statement by the evaluators that the tested times were in compliance with applicable laws and regulations. Negative assurance is a statement that "No evidence came to the evaluators attention as a result of conducting specified procedures that caused them to believe untested items were not in compliance with applicable laws and regulations.



13. The point of contact at the reviewed activity must be kept informed of any tentative findings and recommendation as they are developed. This provides the opportunity to initiate corrective action immediately. Corrective action taken during the review should be documented in the working papers and incorporated in the final report.
14. Once the data gathering and analysis phases are completed, and findings and recommendations are developed, the evaluator should begin preparing the draft report. The draft report should be issued within **12 workdays** after the completion of the fieldwork. The draft report will be dated as of the last day of field work or include a statement stating the inclusive dates of the review. Report format is discussed in NGB Standard Report Formats Handbook. The final draft report will be cross-referenced to the working papers, (See NGB Review Working Papers Handbook). Assembled and attached to the review working file, and the entire package given to the SA for review and comment upon completing the review.
15. Upon approval of the draft report by the SA, the EIC will provide a copy of the draft report to the client and all the individuals responsible for implementing the recommendations. The draft report should be forwarded to the manager/client by means of a memorandum. The responsible individuals will concur in writing by stating what corrective actions will be taken and provide milestone when these actions will take place. A date for the exit conference will be established.
16. After the conclusion of the exit conference, the Evaluator-in-Charge will make all necessary additions and changes to the draft report, and submit to the SA for final approval within **5 workdays**. It will then be submitted for final processing, signatures, and distribution. The final report should be issued not more than **25 workdays** subsequent to the completion of the fieldwork.

#### **4-7 RESPONSIBILITIES:**

##### **A. SUPERVISORY ACCOUNTANT:**

1. **GENERAL: (SA).** The supervisor will review the whole review process for compliance to established policy. He will direct changes to the SOP and solicit input from all sources. The **SA** will direct the administrative support of the IR Division. The **SA** will initial all workpapers reviewed.
2. **REQUESTS FOR REVIEWS:** The supervisor will provide suggestion forms at entrance and exit conferences. He will actively solicit input from attendees. The supervisor will make a formal request during the third quarter of each calendar year for suggestions for reviews from all activities. The **SA** will direct updates to all documents in support of the requests.

3. **ASSIGNMENTS:** The supervisor will make assignments from the Internal Review Schedule once it's been finalized. The **SA** will comply with established policy (para 4-4) when making assignments and accept input from the evaluators. Assignments will be made for the entire calendar year. Changes will be directed by the **SA**.
4. **ENTRANCE CONFERENCE:** The **SA** will prepare and maintain an entrance conference outline. This outline will be updated as necessary and prepared before each review entrance conference. The **SA** will plan to be at every entrance conference. The notices will be reviewed and signed by the **SA**. The supervisor will make the final decision as to whether an entrance conference is needed for follow-ups. The supervisor will make the formal introductions and present IR's position. He will also assist in note taking.
5. **REVIEW FILES:** The **SA** will review and initial the review file in all areas where he verifies data including the existence of each major file down through the G and H workpapers. He will direct changes and updates to the file structure as required. He will also provide each evaluator a sample review package. The **SA** will assist the evaluators in their efforts to bring the review files within established standards. The supervisor will direct the expansion or contraction of the review work.
6. **EXIT CONFERENCE:** The **SA** will prepare and maintain an exit conference outline. This outline will be updated as necessary and prepared before each review exit conference. The **SA** will plan to be at every exit conference. The notices will be reviewed and signed by the **SA**. The supervisor will make the final decision as to whether an exit conference is needed for follow-ups. The supervisor will make the formal introductions and present IR's position. He will also assist in note taking.
7. **REPORTS:** The **SA** will review and sign-off on all review reports prior to their release.
8. **RESPONSES:** The **SA** will write the response policy as prescribed by TAG and the USPFO. He will assist the evaluators in the interpretation of said policy. The supervisor will assist the evaluators with "delicate" correspondence prepared for the AG and the USPFO for reviewees who fail to respond to findings presented on reports.

**B. EVALUATOR:**

1. Evaluators will perform reviews in compliance with stated policy. The evaluator will generally progress through planning, surveying, verifying, and reporting of a review. While on the road, evaluators will report in at least on the first and last workday of the week. If the evaluator anticipates a problem getting through, it's his responsibility to make prior arrangements. Evaluator's programmed to be on the road will check with everyone in the Division for tasks they might perform in order to assist another review. Evaluators will share data at every opportunity to assist another review. Evaluators will prepare notes for the record to include date and source and provide them to the applicable evaluator or review file.

2. Evaluators are responsible for maintaining schedules. Review files will be indexed and maintained in accordance with NGB Review Working Papers. Each evaluator will maintain his personal sample set. Evaluators will report questions/problems to the SA directly and will follow the chain of command on all review related matters.
3. The evaluator will avoid any confrontation and will report any inhospitable situation to the SA. The evaluator assigned will remain the Evaluator in Charge of the review through the follow-up. When the evaluator takes official data from an activity he will sign for it.
4. He will limit objectives thereby avoiding the expansion of a review and will prepare leads to his review work and generate review suggestions for areas too large to handle during the current review. The evaluator will assure that the SA's initials are present on his work papers.
5. REQUESTS FOR REVIEWS: The evaluators will actively solicit suggestions at every opportunity. While in the field, they will encourage submission of the suggestion form. Evaluators will generate suggestion forms from personal observation.
6. ASSIGNMENTS: The evaluators will provide input as to the assignment of reviews. If an evaluator feels at any time, that an assignment places him in a situation where he may not be able to perform to standard, he will bring the issue to the attention of the SA as soon as possible. Once assignments are made, the initial assigned evaluator will be the evaluator-in-charge (EIC) for that review, any additional personnel assigned to the review will receive guidance from the EIC. The EIC will maintain review contact with the SA. The evaluators will make occasional checks of preliminary review files for incoming data.
7. ENTRANCE CONFERENCE: The Evaluator will plan and schedule the entrance conference as conveniently as possible for all concerned. He will prepare notification in ample time, normally a week, so that everyone involved may prepare. The evaluator will prepare all materials needed for the entrance conference. If the SA is not available, the A will request the formal representation of the Deputy, USPFO or the USPFO. The evaluator will always invite the USPFO, Deputy USPFO, the Army Advisor, and the IG. Some variation may be required for Air Guard reviews. The evaluator will present the review objectives, scope, and general expectations. The evaluator will advise the management assistant as to who's presence is required at the exit conference. The management assistant will prepare a MOR immediately after the entrance conference, indicating date, time, areas/topics covered, questions or concerns and a list of attendees.
8. REVIEW FILES: The evaluator will prepare and maintain review files in accordance with NGB Review Working Papers. The evaluator will prepare files to satisfy one of three conditions, (a) a review that is stopped after the survey phase, (b) a complete review, and (c) a follow-up review. Any exceptions to this will be approved by the SA.
  - a. A review that is stopped after the survey phase will contain files I, II, III, and IV. File V will be left out since the review will stop after file IV. - SURVEY FILES.

- b. A complete review will contain all the files, I through V presented in the REVIEW FILE SAMPLE.
- c. A follow-up review will contain files I, II, III, and V. File IV will be left out since the review is a follow-up and a survey phase is not necessary. The FOLLOW-UP REVIEW FILE SAMPLE will also be used by each evaluator.

**The crux of the data supporting the review will be found in files IV and V, survey and verification files respectively.**

9. **THE PURPOSE OF THE REVIEW SURVEY IS TO:** Provide the evaluator with familiarization of the reviewed activity. He will review operations and prescribed systems, perform a conceptional evaluation, evaluate compliance test results, and substantiate review strategy. The prescribed subfiles in the survey files relate to this file only. The evaluator's comments, summary, lead sheets, and other subfiles through the G Workpapers are those data elements that belong to the IV - SURVEY FILES only. The question may arise, "Is the Survey Program in file IV the same Survey Program found in file III?" The answer is "yes." The same holds true for the verification program found in files III and V. Another question might be, "Are the lead sheets the same ones I've got for each of my workpapers?" again, the answer is "yes."
10. **THE PURPOSE OF THE REVIEW VERIFICATION IS:** Primarily designed to develop potential and actual deficiencies noted during the review survey. Once the survey is complete, the evaluator will prepare a GO-NO GO sheet with a summary of survey results. The GO-NO GO sheet should include each objective, what was reviewed, the results and the reasons for GO-NO GO, this will be discussed with the SA, to merit the continuing or discontinuing the review. The evaluator is charged with developing all significant monetary issues at every opportunity and providing the workpapers in support. The file relationships described for the survey file are also applicable for this and all other files. The evaluator is required to update his copy of the Inventory of Auditable Entities at the conclusion of every review and follow-up.
11. **EXIT CONFERENCE:** The evaluator will plan and schedule the exit conference as conveniently as possible for all concerned. He will prepare notifications and provide ample time for the activity reviewed to review the tentative findings and recommendations and prepare written responses. The MA will prepare all materials needed for the exit conference to include presentations of data on tables, charts, graphs, and photographs. If the SA is not available, the Management Assistant will request the formal representation of the Deputy USPFO or the USPFO. The evaluator will always invite the USPFO, the Deputy USPFO, the Army Advisor, and the IG. Some variation may be required for Air Guard reviews. Once a conference is transferred from the SA the evaluator will present the report introduction, purpose, summary, and comments. He will follow with the findings presented as to condition, cause, and effect, followed by background and discussion. At this point, comments will be solicited from attendees. Recommendations will then be presented and comments will again be solicited. The A will prepare an MOR immediately after the entrance conference, indicating date, time, areas/topics covered, questions or concerns and a list of attendees. The evaluator will advise the assistant as to who's presence is required at the exit conference.

### **C. MANAGEMENT ASSISTANT**

1. The assistant will supply direct support to the Division in accomplishing its mission. Updates on procedures and support documents will be distributed as directed by the **SA**.
2. **REQUEST FOR REVIEWS:** The assistant will maintain a file and log by calendar year and in chronological order on all suggestions received from all sources. The assistant will generate receipt notices to all sources of requests and will generate notices of disposition of requests at the conclusion of the schedule preparation.
3. **ASSIGNMENTS:** The assistant will maintain preliminary files on all assigned reviews. All notes or memorandums for record will be kept until issue of the review package. The assistant will alert the respective evaluator of any incoming data with respect to assigned reviews.
4. **ENTRANCE CONFERENCE:** The assistant will provide general assistance for all entrance conferences. He may on occasion be required to take notes at entrance conference.
5. **REVIEW FILES:** The Management Assistant will update and maintain the review package and will issue it to the evaluator, pre-titled and numbered. The assistant will maintain a log on the current status of all reviews. He will provide administrative backup support and will alert staff of pending actions. The assistant will update the Inventory of Auditable Entities on a semi-annual basis; January and July based on evaluator input.
6. **EXIT CONFERENCE:** The assistant will provide general assistance for all exit conferences. He may on occasion be required to take notes at exit conference.
7. **REPORTS:** The assistant will prepared and maintain the report package and will issue it to the evaluator pre-titled and numbered. The assistant will generate an initial draft for the evaluator and provide updated versions as necessary. Each generation will be labeled alphabetically starting with A and ending with the letter designation on the last draft. When only a few pages require updating and the rest of the report is not affected, only those pages will be changed and provided to the evaluator. It is the evaluator's responsibility to maintain the draft sequence. The assistant will advise the evaluators as to the preferred or standardized punctuation methods within the division. Once the assistant receives the signed review report, he will forward it and the accompaniments through the proper authority. When the documents are signed, the assistant will see to the reproduction and distribution.
8. **RESPONSES:** The assistant will maintain an independent log of responses due and remind the evaluators and the SA of upcoming or overdue suspense dates. He\she may assist in reminding auditees of suspense date requirements and provide general administrative support to the Internal Review Division or as directed by the SA.

## 4-8 REVIEW REPORTS

1. One of the most important aspects of the review process is the reporting of findings conclusions, and recommendations. A well written professional and informative report, containing constructive recommendations to correct deficiencies noted is mandatory if the objective of the review is to be achieved. Reports will be developed following the appropriate standards set forth in the U.S. Army Audit Agency Regulation 36-2, Professional Audit Standards and the Department of Defense (DoD) 7600.7-M, Internal Audit Manual. The **Department of the Army, Office of the Assistant Secretary, Financial Management Memorandum, dtd 6 Jan 95, subject: Quick Reaction Auditing, the NGB Audit Report Formats, dtd 1 January 1995** are publications guides we use of our review reports.
2. The following are reports issued:
  - a. Full/Limited Scope Reviews(Use NGB and our report format guides)
  - b. Quick Response Reviews (QRA) (Use DA and our report format guides)
  - c. Follow-Up Reviews(Use NGB and our report format guides)
  - d. Consulting Services (Use QRA format when a written report is required)
3. Reports: The evaluator will prepare the review report as brief and concise as possible. The report will contain Part I, Part II, and Part III Guide from NGB-IR (Standard Report Formats) dtd 1 January 1995.
4. Each recommendation will be reported individually and the activity comments will follow. Any exceptions will be negotiated through the SA. **The following standards will be complied with any statements to that effect will be incorporated into Part I of the report:**

**As per DOD 7600.7M, page 12-4 “ . . . the review was conducted in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DOD and accordingly, included such tests of the Management (Internal) controls as considered necessary” . . .**

In addition each report shall also summarize the review results on how well management had implemented the Management (internal) controls program as it related to the scope of the schedule review.

Positive and negative assurance will be made in accordance with Chapter 5, pages 5-2/3 of the yellow book.

Part II of the report will include tables, charts, graphs, and photographs whenever they assist in getting the issue communicated to the reader.

Part III of the report will include “How we conducted the review” section. The scope, methodology and additional background information will be provided in this section.

The Evaluator’s report will conform to memorandum on style 31 January 1998 (**ANNEX D**). The evaluator will let the assistant know who is to receive a copy of the report.

The accompanying report letters will be prepared for the USPFO and AG or COS. The USPFO’s letter will forward the report through channels with the AG’s or CO’s endorsement. If the report addresses issues within the USPFO, a letter will address the issued directly from the USPFO to his subordinate. Once the initial report is prepared by the evaluator, he will pass it on to the assistant who will prepare the first (A) draft. It is the evaluator’s responsibility to see that the report meets the professional standards. The evaluator will receive the report back from the assistant for a final check before passing it on to the supervisor who will review it and give it back to the evaluator with comments and any changes that may be required. Each updated draft or the updated pages will be maintained in the II-D subfile of the II. PERMANENT FILE. The drafts will be labeled A,B,C, etc., the latest version will be on top.

**4-9 RESPONSES:** The evaluator will monitor responses to findings reported through his reports. He will assist the reviewee in the preparation of responses when the reviewee seeks such help. The evaluator is provided the following guidance when a response is not received by the suspense date.

- a. The evaluator will identify the expected respondent or respondents next to the title of the mandatory if the objective of the review is to be achieved. Reports will be developed following the appropriate standards set forth in the U.S. Army Audit Agency Regulation 36-2, Professional Audit Standards and the Department of Defense (DOD) 7600.7-M, Internal Audit Manual. The **Department of the Army, office of the Assistant Secretary, Financial Management Memorandum, dtd 6 Jan 95, Subject: Quick Reaction Auditing, the NGB Audit Report Formats, dtd 1 January 1995** are published guides we use of our review reports.
2. The following are reports issued:
  - a. Full/Limited Scope Reviews(Use NGB and our report format guides)
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  - c. Follow-Up Reviews (Use NGB and our report format guides)
  - d. Consulting Services (Use QRA format when a written report is required)

3. **REPORTS:** The evaluator will prepare the review report as brief and concise as possible. The report will contain a Part I, Part II, and Part III Guide from NGB-IR (Standard Report Formats) dtd 1 January 1995. Each recommendation will be reported individually and the activity comments will follow. Any exceptions will be negotiated through the SA. **The following standards will be complied with and statements to that effect will be incorporated into Part I of the report:**

**As per DOD 7600.7-M, page 12-4 “. . . the audit was conducted in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DOD and accordingly, included such tests of the Management (Internal) controls as considered necessary . . . “**

In addition each report shall also summarize the review results on how well management had implemented the Management (Internal) controls program as it related to the scope of the scheduled review.

Positive and negative assurances will be made in accordance with Chapter 5, pages 5-2/3 of the yellow book.

Part II of the report will include tables, charts, graphs, and photographs whenever they assist in getting the issue communicated to the reader.

Part III of the report will include “How we conducted the review” section. The scope, methodology and additional background information will be provided in this section.

The evaluator’s report will conform to memorandum on style dated 31 January 1998 (**ANNEX D**). The evaluator will let the assistant know who is to receive a copy of the report.

The accompanying report letters will be prepared for the USPFO and AG or COS. The USPFO’s letter will forward the report through channels with the AG’s or COS’s endorsement. If the report addresses issues within the USPFO, a letter will address the issues directly from the USPFO to his subordinate. Once the initial report is prepared by the evaluator, he will pass it on to the assistant who will prepare the first (A) draft. It is the evaluator’s responsibility to see that the report meets the professional standards. The evaluator will receive the report back from the assistant for a final check before passing it on to the supervisor who will review it and give it back to the evaluator with comments and any changes that may be required. Each updated draft or the updated pages will be maintained in the II-D subfile of the II. PERMANENT FILE. The drafts will be labeled A, B, C, etc., the latest version will be on top.

#### **4-10 MONETARY BENEFITS**

All potential monetary benefits that can be reasonably measured will be clearly identified and presented in the report findings to demonstrate the benefits of implementing the recommendations. This office will use the NGB Internal Review Handbook for Calculation and



Reporting of Monetary Benefits, dtd 1 September 1993, for guidance and reporting standards.

#### **4-11 REVIEW REPORT DISTRIBUTION**

1. All reviews will be routed through the SA for final approval.
2. The SA will sign all reviews on the report. The USPFO will forward the report to the Adjutant General, for entry into command channels via a letter of transmittal.
3. Reports rendered by the IR Division are the property of the New Mexico National Guard and may not be released to external sources without the express written approval of The State Adjutant General (TAG), the USPFO or Supervisory Accountant for The New Mexico National Guard internal review reports will be classified as "For Official Use Only" in accordance with the Freedom of Information Act, Exemption 5
4. The National Guard Bureau, Office of Internal Review(NGB-IR) has primary technical responsibility for the Internal Review Division. Generally, all NGB guidance affecting internal review activity will emanate from that office.
5. National Guard Internal Review elements are required by The Inspector Act of 1978 to comply with the Comptroller General of the United States "Government Auditing Standards"(Yellow Book).
  - a. The evaluator will identify the expected respondent or respondents next to the title of the finding in the report.
  - b. Once the suspense date passes, the evaluator will contact the reviewee for a status of the response and to offer any assistance.
  - c. If the contact proves fruitless, the evaluator will bring the situation to the attention of the SA. In all probability, this will generate additional formal correspondence from the proper authority.

#### **4-12 SUPERVISORY REVIEW OF EVALUATORS REVIEW FOLDER**

Review folders will be reviewed as directed by the S.A. On the day for your review, your folder should meet the following criteria:

1. Give the Supervisory Accountant your folder by 0800 on the day of your scheduled review.
2. If you are not available at the time of your scheduled review, turn-in your folder by close of business the day prior.
3. Interim review of the work papers and review progress conference with the Supervisory Accountant is encouraged.

4. Folders should be completed as per following check list.

#### REVIEW FOLDER CHECKLIST

- Folder should be neat
- No loose papers will be in the folder
- Table of contents is updated
- Work papers are indexed
- Work papers are identified by author
- Work papers are reviewed by the AIC or the SA in case of the AIC's work papers
- Work papers are relevant to the review
- References are relevant to the review
- Work papers are cross referenced to other work papers, summaries, and references
- Final draft is cross referenced
- Final report is filed with a copy of the transmittal memorandum to the Adjutant General with his endorsement.

**IR SOP**  
**CHAPTER V**  
**STANDARDS OF MANAGEMENT CONTROLS**

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## **Chapter V**

### **STANDARDS OF MANAGEMENT CONTROLS**

#### **5.1 PURPOSE**

To provide evaluators with a working knowledge of management controls, how they apply to commanders/managers, and how to incorporate management controls into the review.

#### **5.2 BACKGROUND**

The Accounting and Auditing Act of 1950(Section 3512, Title 31, United States Code (31 USC 3512)) requires each agency head to establish and maintain systems of accounting and management controls. These systems must conform to principles, standards, and related requirements prescribed by the Comptroller General of the United States. Such systems are expected to help prevent fraud, waste, abuse and mismanagement in Federal Government operations. Because management controls continue to need improvement, the Officer of Management and Budget (OMB) issued Circular A-123 requiring the head of each Federal department and agency to develop and maintain adequate systems of internal control. In September 1982, Congress passed the Federal Manager's Financial Integrity Act (Public Law 97-225 (PL 97-225)). This Act requires:

- a. Management Controls of each executives agency will be established according to Standards prescribed by the Comptroller General, and will provide reasonable assurance that: obligations and costs are in compliance with the applicable law; funds, property and other assets are safeguard against waste, loss, unauthorized use, or misappropriation; revenues and the expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and maintain accountability over assets; and that programs are efficiency and effectively carried out according to the applicable law and management policy.
- b. OMB established, in consultation with the Comptroller General, guidelines for agencies to use in evaluating their systems of internal accounting and administrative control.
- c. Each executive agency report to the President and Congress on whether or not their systems of Management Control comply with requirements of the Act. (The Secretary of the Army(SA) annual assurance statement supports the Secretary of Defense statements to the President and Congress). The statement is also made available to the public and must include:
  - (1) Previously reported Management Control Material Weakness with details on corrective actions taken and planned.
  - (2) Management Control Material Weaknesses discovered in the current period with details on corrective actions taken and planned.

- (3) A report on whether or not accounting systems comply with the principles, standards, and related requirements prescribed by the Comptroller General. If systems do not comply deficiencies must be identified and plans to make them comply must be provided.
- d. AR 11-2 dated 11 Aug 94 is the governing Army Regulation on the implementation of OMB Circular No. 123 within all Army organizations. Air Force Instruction 65-201m dtd Aug 97 and Air Force Policy Directive 65-2, dtd Aug 97 are the implementation instructions for the Air organizations. These directives and this SOP, in conjunction with State guidance on management controls, will be used to review Management Control on all reviews.

**5-3 OBJECTIVES:** Management Controls should assure Management that:

- a. Applicable laws, regulations, and policies are followed
- b. Transactions are carried out as authorized
- c. Resources are safeguarded from authorized use or disposition
- d. Financial and statistical records and reports are reliable and accurate
- e. Resources are efficiently and effectively managed

**5-4 DEFINITIONS:** Management Controls – are the means that managers use to regulate and guide their operations and programs. Management Controls are essential to achieving the proper conduct of operations in a professional and business like manner. When exercised with a prudent, common sense, set of standards, Management Controls permit adequate protection and accountability for the resources entrusted to management. The controls facilitate achievement of management objectives by serving as checks and balances against undesired actions. Equally as important, sound management controls provide reasonable confidence (for all levels of management) that essential operations and requirements are accomplished every day in an effective and economical way.

There are two categories of internal controls – accounting and administrative.

- (1) Accounting Controls – relate to the safeguarding off assets and the reliability reports. While focusing on financial management, these controls include item accountability and performance measures.
- (2) Administrative Controls – apply to those actions leading to the authorization of transactions and events based on compliance with established policy and procedures. These controls focus on program performance and on economy and efficiency of operation.

**5-5 The GAO General Management Control Standards:** The management control standards define the minimum level of quality acceptable for management control systems in operation and constitute the criteria against which systems are to be evaluated. These management control standards apply to all operations and administrative functions

but are not intended to limit or interfere with duly granted authority related to development of legislation, rule making, or other discretionary policy making in an agency. The following management control standards will be applied:

- (1) Reasonable Assurance. Management control systems are to provide reasonable assurance that the objectives of the systems will be accomplished.
- (2) Supportive Attitude. Managers and employees are to maintain and demonstrate a positive and supportive attitude toward management controls at all times.
- (3) Competent Personnel. Managers and employees are to have personal and professional integrity and are to maintain a level of competence that allows them to accomplish their assigned duties, as well as understand the importance of developing and implementing good management controls.
- (4) Control Objectives. Management control objectives are to be identified or developed for each agency activity and are to be logical, applicable, and reasonable complete.
- (5) Control Techniques: Management control techniques are to be effective and efficient in accomplishing their management control objectives.

**a. Specific Standards**

- (1) Documentation. Management control systems and all transactions and other significant events are to be clearly documented, and the documentation is to be readily available for examination.
- (2) Recording of Transactions and Events. Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority.
- (3) Execution of Transaction and Events. Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority.
- (4) Separation of Duties. Key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among individuals.
- (5) Supervision. Qualified and continuous supervision is to be provided to ensure management control objectives are achieved.
- (6) Access to an Accountability for Resources. Access to resources and records is to be limited to authorized individuals, and accountability for the

custody and use of resources is to be assigned and maintained. Periodic comparison shall be made of the resources with the recorded accountability to determine whether the two agree. The frequency of the comparison shall be a function of the vulnerability of the asset.

**b. Review Resolution Standards**

- (1) Prompt Resolution of Review Findings. Managers are to: (1) promptly evaluate findings and recommendations reported by evaluators; (ii) determine proper actions in response to review findings and recommendations; and, (iii) complete, within established time frames, all actions, which correct or otherwise resolve the matters brought to management's attention.

**5-6 APPROACH TO INTERNAL REVIEWS**

- a. The IR Division will review management control documentation, systems, and compliance to determine whether the policies and standards established by AR 11-2, AF Pol Dir 65-2 and AF Instrc 65-201 are implemented properly.
- b. The twelve GAO standards of management control should be applied whenever performing an review. They are extremely important and should be kept in mind when performing reviews. Once a problem area or trend has been identified, it should be evaluated using the standards of management control. If there are little or no management controls in an area, then management has not done its job in establishing and adequate management control system. If there are management control systems established, the reviewer must evaluate their effectiveness.

**IR SOP**  
**CHAPTER VI**  
**LIAISON**

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## CHAPTER VI

- 6-1. PURPOSE:** The purpose of this chapter is to summarize the IR Division Liaison requirement.
- 6-2. APPLICABILITY:** This chapter applies to the personnel assigned within the IR Division.
- 6-3. CONCEPT:** The liaison effort within the IR Division of the NMNG will be a complimentary nature. We will assist external audit agencies with whatever support we can provide and take advantage of any expertise and techniques that will assist our effort.
- 6-4. POLICIES:** IR Division will follow guidance provided through DOD 7600.7-M, the Internal Review and Audit Compliance Manual, and NGR 11-7. The IR Division will assist the USPFO in his role as the focal point for all external audit and review reports. The Division will establish itself as the clearing-house for timely responses to external audits. The IR will prevent unauthorized premature release of tentative external audit findings. The office is charged to ensure that prompt, effective, and coordinated corrective action is taken to implement GAO, DOD, NGB and USAAA recommendation and that controls are adequate to prevent the recurrence of deficiencies.
- 6-5. RESPONSIBILITIES:**
  - a. The **SA** will direct the provisions of administrative support for external agencies during official visits to the New Mexico National Guard. The support will include arrangements for local accommodation and a work area. The **SA** is responsible for the formal reporting process through the Semiannual Follow-up Status Report, RCS: DD IG (**SA**) 1574, Semiannual Report to the Congress, RCS: (**SA**) 1717, and the Audit Time Report, DD-IG (**A**) 1740.
  - b. The evaluator will assist the **SA** in the liaison effort. All Information requested from and provided to other review offices will be in a formal format through the **SA**. Evaluators are encouraged to solicit review programs from other reviewing offices.
  - c. The assistant will assist all personnel in the IR Division with the liaison effort.

## **IR**

### **CHAPTER VII**

#### **FOLLOW-UP**

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## CHAPTER VII

**7-1. PURPOSE:** The purpose of this chapter is to summarize the IR Division follow-up requirement.

**7-2. APPLICABILITY:** This chapter applies to the personnel assigned within the IR Division.

**CONCEPT:** The follow-up effort within the IR Division of the NMNG will be an abbreviated version of the review as described in Chapter IV. The follow-up workpaper file will normally be limited to files, I, II, III, and V of the MASTER FILE, PERMANENT FILE, REVIEW PROGRAM, and the REVIEW VERIFICATION FILES as modeled in the REVIEW FILE SAMPLE. The major difference is that OPEN findings after the follow-up will require the reviewee to establish milestone dates and report to IR every 30 days until all the corrective actions have been completed.

**7-4: POLICIES:** The TAG Policy for Review Follow-up is outlined in MEMORANDUM dated 24 Dec 94, SUBJECT: Command Policy on Review Follow-up. The policies prescribed in Chapter IV, page 4-1, paragraph 4-4 POLICIES of this SOP are also applicable to the follow-up process.

### **7-5. RESPONSIBILITIES:**

- a. The **SA** will assist the **MA's** in determining whether a finding should be OPEN or CLOSED status once the follow-up results are analyzed. The supervisor will guide the evaluator in the formal communication establishing the 30 day reporting cycle.
- b. The evaluator will make the initial determination as to the status of a finding being left OPEN on the follow-up report. In cases where the evaluator is not completely sure, he will confer with the **SA**. New findings will be added accordingly. The evaluator will initiate formal communication establishing 30 day reporting cycle and will monitor each OPEN status finding on his follow-up report until corrective action is communicated to **IR** or until the evaluator receives a formal written communication from the **SA** directing an administrative CLOSURE. If the follow-up review reflects total compliance on the part of the reviewee and all findings on the initial report are CLOSED, normally only a PART I report will be required. If some of the findings are to be left OPEN, a PART I, II, and III will be required. The evaluator will advise the assistant as to who is to receive a copy of the follow-up report.
- c. The assistant will provide the same backup support throughout the follow-up process as he does through the review process.

**IR**  
**CHAPTER VIII**  
**ADJUDICATION**

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## CHAPTER VIII

- 8-1. PURPOSE:** The purpose of this chapter is to summarize the adjudication process.
- 8-2. APPLICABILITY:** This chapter applies to the personnel assigned within IR Division.
- 8-3. CONCEPT:** The idea in the adjudication process within IR Division will be to solve any issue at its lowest possible level with the final adjudication authority resting with **AG**.
- 8-4. POLICIES:** The Department of Defense Regulation 7600.7M requires the establishment of review adjudication procedures. The purpose is to provide a resolution process on matters between command and evaluators which cannot be resolved during the course of the review. National Guard Regulation (AR 36-2) NGR 11-7 and **The NGB Audit Report Formats, dated. 1 January 1995** provides guidance in establishing the adjudication process.
- 8-5. RESPONSIBILITIES:**
- a. The **SA** will be directly involved in all adjudication matters. He will provide the evaluator guidance each step of the way until the final **CLOSURE** of a finding. He will provide the signatory authority guidance on the resolution of unresolved review issues. Every effort will be made to resolve issues at the lowest level.
  - b. The evaluator's responsibility is the presentation of findings in accordance with established standards. He is to monitor response or the lack thereof. He will advise the **SA** of past suspense dates. With the **SA's** guidance he will prepare communications to remedy unresolved issues. Conflicts between IR's and reviewee's position will be brought to the attention of the **SA's** attention. It will be the evaluator's responsibility to maintain adjudicated documentation in the workpapers.
  - c. Any differences between managers and evaluators should be resolved, if possible, during the course of the review. The command position on Findings and Recommendations, potential monetary benefits, and completion or target completion dates should be provided to the evaluators in response to the draft report. Inclusion of this information in the final report will reduce the amount of detail required in official command replies. When command is responsible for providing Internal Review (IR) the reason in a correspondence format. The non-concurrence must be in sufficient detail to allow the Adjutant General's position to be established.

**The command reply process enables the reviewed activity and higher commands to present their position on Findings and Recommendations and potential monetary benefits and provides procedures to resolve disagreements.**

**Command replies must explicitly concur or no-concur with each FAR and potential monetary benefits.**

**If the reviewee does not concur with FAR or disagree with the potential monetary benefit, the nonconcurrence will be forwarded to the evaluator. The evaluator will re-justify the FAR based upon the considerations expressed by the reviewee. This rejustification will be returned to the reviewee for an attempt to gain concurrence.**

**If nonconcurrence remains, all pertinent information will be forwarded to the Adjutant General or his representative for final adjudication. The Adjutant General or his representative will make the final decision on the recommendation. (Ref NMAG Memorandum Subject: Review Adjudication Procedures) The issue will be considered resolved when the decision has been made.**

- d. The assistant will provide administrative support throughout the entire adjudication process. Any questions as to procedure or communication contents will be directed to the SA.

**RICHARD MORGESE**  
Supervisory Accountant,  
Internal Review Evaluator



## **ANNEX B**

### **IR INTERNAL TRAINING PROCEDURE**

1. Internal training assignments will be made as soon as possible before the training is to be conducted. Assignments will be on a bimonthly basis.
2. Each evaluator, including the **SA**, will be assigned an area of personal interest. The area assigned will be review related. The first area of consideration will be training courses attended. Individuals attending training courses one month will be required to conduct Internal Training next month on the class attended.
3. The instruction will be at least thirty minutes long and no more than one hour.
4. Once the instruction starts, it may follow a formal process similar to the exit conference. The instructor is to manage his presentation as he would an exit conference.
5. The recipient of the instruction will provide a critique to the instructor on what he may do to improve his presentation, the material covered, and also identify the strong areas.
6. The lesson plan, handouts, and other material will be filed with the IR Internal Training file.



**ANNEX C**  
**NMPF-IR (11)**

MEMORANDUM FOR Evaluators, Internal Review Division, 47 Bataan Blvd., Santa Fe, New Mexico 87505-4695

<b>SUBJECT: Individual Development Plan (IDP)</b>
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1. As required by DOD 7600.7m, Chapter 4, Para 6, "n Annual and Long Range Training Plan shall be developed each year". I'll need for each of you to prepare an updated Individual Development Plan. Your plan needs to address your most important evaluator training and development needs.
2. Your plan will need to include the following:
  - a. Short and long-term goals (510 requirements?)
  - b. A description of training objectives in reaching identified goals.
  - c. An action plan, include estimated reimbursable costs.
3. Your plan will be discussed during the appraisal process, and your estimated cost will be used in budgeting financial support.
4. I'll need your IDP's by the January 31, 2007, so let me know if you have questions.

**RICHARD MORGESE**  
Supervisory Accountant  
Internal Review Evaluator

**ANNEX D**  
**NMPF-IR (11)**

MEMORANDUM FOR Auditors, Internal Review Division, 47 Bataan Blvd., Santa Fe, New Mexico 87505-4695

<b>SUBJECT:    Report Writing Style</b>
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**Evaluator(s) will**

- a. Use the plural in referring to work done during an review.
- b. Use the past tense.
- c. When separating more than 2 items in a sentence, use commas up to and before the “and”.
- d. Use quotation marks whenever we refer to verbatim comments provided by another party.  
This is the best limited to written comments.
- e. Enter dates by day, month, and year.
- f. Refer to individuals by position title.
- g. Enter the title of the findings followed by the position title of individual we expect to respond to the findings.
- h. Use the publication by Bronage, Mary C.,: “Writing Review Reports” second edition, as a reference point in preparing review reports.

RICHARD MORGESE  
Supervisory Accountant  
Internal Review Evaluator

